



Cambridge O Level

COMMERCE

7100/11

Paper 1 Multiple Choice

October/November 2023

1 hour

You must answer on the multiple choice answer sheet.

You will need: Multiple choice answer sheet
Soft clean eraser
Soft pencil (type B or HB is recommended)

INSTRUCTIONS

- There are **forty** questions on this paper. Answer **all** questions.
- For each question there are four possible answers **A, B, C** and **D**. Choose the **one** you consider correct and record your choice in soft pencil on the multiple choice answer sheet.
- Follow the instructions on the multiple choice answer sheet.
- Write in soft pencil.
- Write your name, centre number and candidate number on the multiple choice answer sheet in the spaces provided unless this has been done for you.
- Do **not** use correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

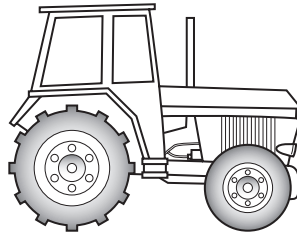
- The total mark for this paper is 40.
- Each correct answer will score one mark.
- Any rough working should be done on this question paper.

This document has **12** pages. Any blank pages are indicated.



- 1 What is the manufacturing of large quantities of standardised goods called?
- A direct production
 - B division of labour
 - C economies of scale
 - D mass production

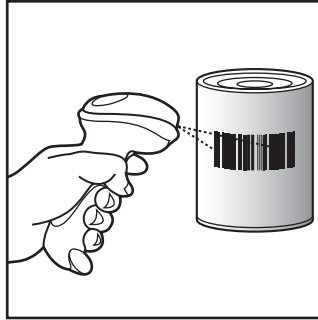
- 2 The diagram shows a tractor.



Which branch of production would a tractor be involved with?

- A construction
 - B extractive
 - C manufacturing
 - D tertiary
- 3 As a result of specialisation by process, the consumer has less choice of goods to buy.
- What is the reason for this?
- A Factories produce less output.
 - B Goods are more expensive to produce.
 - C Goods take longer to produce.
 - D Standardised goods are produced.
- 4 Which definition of trade is **most** accurate?
- A buying and selling goods for profit
 - B distributing goods to markets
 - C exchanging goods for other goods
 - D importing and exporting goods

- 5 Which advantage of small-scale retailing is **not** important for creating customer loyalty?
- A flexible opening hours
 - B informal credit
 - C low operating costs
 - D personal service
- 6 The diagram shows a bar code scanner.



What is this used for?

- A branding goods
 - B click and collect purchases
 - C maintaining stock levels
 - D online shopping
- 7 Before buying a product, Mr Phiri wants to check the widest range and cheapest price available.
- What would Mr Phiri consult?
- A comparison websites
 - B franchisees
 - C mail order catalogues
 - D manufacturers
- 8 What is a disadvantage to the customer of purchasing a television on credit?
- A A credit check will be made by the seller.
 - B Interest may be charged by the seller.
 - C Payment is postponed until a later date.
 - D The buyer does not need to carry cash.

- 9 A leaflet contains an advertisement for a cooker.

Exclusive offer:

Cooker!

Cash price \$1200

Hire purchase price – deposit \$500
plus 10 monthly payments of \$80

How much more would it cost to buy the cooker using hire purchase than paying for it by cash?

- A** \$100 **B** \$500 **C** \$800 **D** \$1300
- 10 Hawwaa has a bakery business producing small quantities of high value speciality cakes ordered online by customers.

Which channel of distribution should she use to supply her customers?

- A** producer → consumer
- B** producer → agent → consumer
- C** producer → retailer → consumer
- D** producer → wholesaler → consumer
- 11 Which benefit does a small-scale retailer have by using a wholesaler?
- A** Cash discount for bulk purchases is provided.
- B** Less storage space is needed.
- C** Market trends are not updated.
- D** The theft of goods is prevented.

- 12 CL Fashions places an order with NT Textiles.

What is the first document sent by NT Textiles to CL Fashions after the order is placed?

- A** catalogue
- B** delivery note
- C** price list
- D** receipt

- 13 Which statement does **not** apply to the use of trade discount between traders?
- A It acts as an incentive to buyers to place large orders.
 - B It encourages buyers to make prompt payment of bills.
 - C It removes the burden of frequent reprinting of catalogues.
 - D The amount offered may vary according to the goods being sold.
- 14 Mr X purchased watches for \$5000 from Mr Y and received an invoice for the amount due. Later, Mr Y sent Mr X a credit note for \$1000.
- How much does Mr X now owe Mr Y?
- A \$4000 B \$5000 C \$6000 D \$10 000
- 15 Why do customs authorities keep statistical records?
- A to calculate the Balance of Trade
 - B to calculate the exchange rate
 - C to compare exports with imports
 - D to enable duties to be collected
- 16 Why will consumers in a trading bloc country usually benefit from lower prices?
- A Domestic companies will be allowed low interest loans by the government.
 - B High-priced imports from member countries will be banned.
 - C Taxes on imports from other member countries are abolished.
 - D The government will pay subsidies to domestic companies.
- 17 What is a difficulty faced by importers?
- A better quality imported goods
 - B demand exceeding supply
 - C language barriers
 - D non-payment by exporters

18 An advertising leaflet is shown.



What is this leaflet an example of?

- A collective advertising
 - B competitive advertising
 - C informative advertising
 - D persuasive advertising
- 19 JM Ltd needs to advertise the launch of its new luxury range of running shoes to its teenage target market.

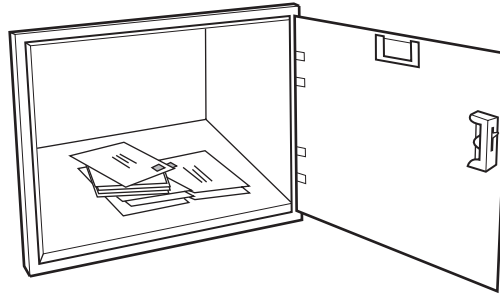
Which method of appeal should JM Ltd use for a successful advertising campaign?

- A emotion
 - B health
 - C humour
 - D status
- 20 A point-of-sale display attracts customers who are
- A visiting a shop.
 - B shopping on a website.
 - C using vending machines.
 - D ordering from mail order catalogues.
- 21 What is the **most** likely reason that businesses use mobile phone advertising to promote sales?
- A Advertisements are not ignored.
 - B Advertisements will be read immediately.
 - C Mobile phones are less personal than desktop computers.
 - D Mobile phones can reach people at any location.

22 What is a purpose of communication in trade?

- A to deliver goods quickly
- B to increase sales revenue
- C to obtain information on goods and services
- D to record telephone conversations

23 The diagram shows a service offered at post offices for people to collect their mail.

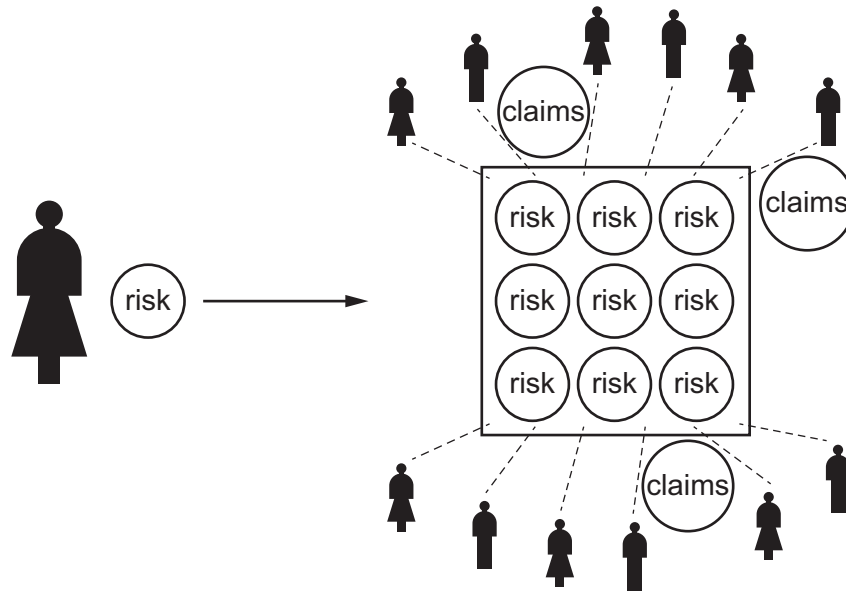


What is this service called?

- A night safe
 - B poste restante
 - C private box
 - D special delivery
- 24 What does an application store (app store) enable a smartphone user to do?
- A allow the user to apply directly for financial products
 - B allow the user to have in-touch interface with the screen
 - C download job information from a website
 - D download third party software onto a mobile device
- 25 What is an advantage of containerisation in sea transport?
- A avoidance of customs duty
 - B carriage of one type of product at a time
 - C fast turnaround of ships at ports
 - D quick unpacking of goods at docks

- 26 Which service is provided at a seaport to handle cargo?
- A gantries
 - B hangars
 - C pilots
 - D shops
- 27 Which transport document does **not** act as evidence of a contract of carriage?
- A air waybill
 - B bill of lading
 - C consignment note
 - D delivery note
- 28 What is a feature of a bonded warehouse?
- A allows goods to be manufactured
 - B enables goods to be sold in small quantities
 - C requires immediate payment of customs duty
 - D stores confiscated goods

29 The diagram shows a purpose of insurance.



Which purpose of insurance is shown?

- A business confidence
 - B consequential loss
 - C investment
 - D risk reduction
- 30 A partner of a business has died.
- Which type of business insurance would be **most** beneficial for the other partners?
- A professional indemnity
 - B employer's liability
 - C key person
 - D public liability
- 31 Javed insured his shop for \$120 000. In the following year the market value of the shop increased by \$12 000. Javed has not told the insurance company about this increase.
- If the shop is completely destroyed by fire, what is the maximum amount that the insurance company will pay out?
- A \$12 000
 - B \$108 000
 - C \$120 000
 - D \$132 000

- 32** What does the banking term ETF stand for?
- A** electronic transaction of finance
 - B** electronic transaction of funds
 - C** electronic transfer of finance
 - D** electronic transfer of funds
- 33** What is an advantage of using a cheque to pay a debt?
- A** It can be made out for any amount.
 - B** It is accepted as a means of payment everywhere.
 - C** It must be taken to a bank to be paid in.
 - D** It must be cleared before the money can be used.
- 34** Which term is given to a government-owned train company operating as a public corporation?
- A** distribution
 - B** diversification
 - C** nationalisation
 - D** privatisation
- 35** Mr Singh is a franchisee who has to pay monthly royalty payments of \$500 plus 5% of his shop's turnover.
- If this month's sales have been \$20 000, how much are this month's royalties?
- A** \$1000 **B** \$1500 **C** \$6000 **D** \$18 500
- 36** What is the main benefit to a developing country of multinational companies locating in the country?
- A** changing the local environment
 - B** improving local infrastructure
 - C** providing competition for local companies
 - D** sending profits back to home country

37 The table shows some of the balances in the accounts of a business.

	\$
capital	50 000
premises	100 000
stock	10 000
cash	10 000
debtors	15 000
creditors	10 000

What is the total value of the current assets?

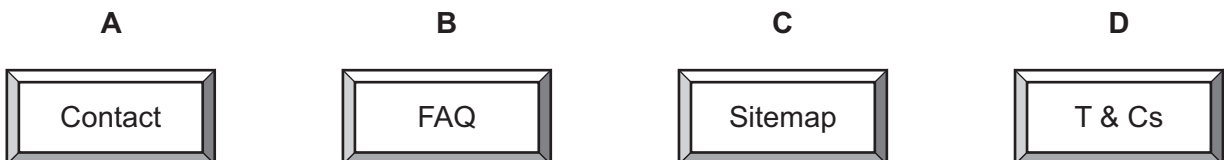
- A** \$10 000 **B** \$20 000 **C** \$30 000 **D** \$35 000

38 How can a company improve its sales revenue?

- A** cut its workforce
B increase its expenses
C lower its mark-up
D reduce its marketing

39 The diagrams show four options seen by customers using a website.

Which option helps customers with concerns that might also have been raised by others?



40 A consumer will always receive a refund for a product if she has

- A** been aware of a fault in the product at the time of purchase.
B changed her mind and does not want the product.
C received the product in damaged condition.
D used the product for more than 28 days.

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